Chain Store Age
EXECUTIVE
with Shopping Center Age
The newsmagazine for retail management
February 1990

SPECS 26th ANNUAL CONFERENCE

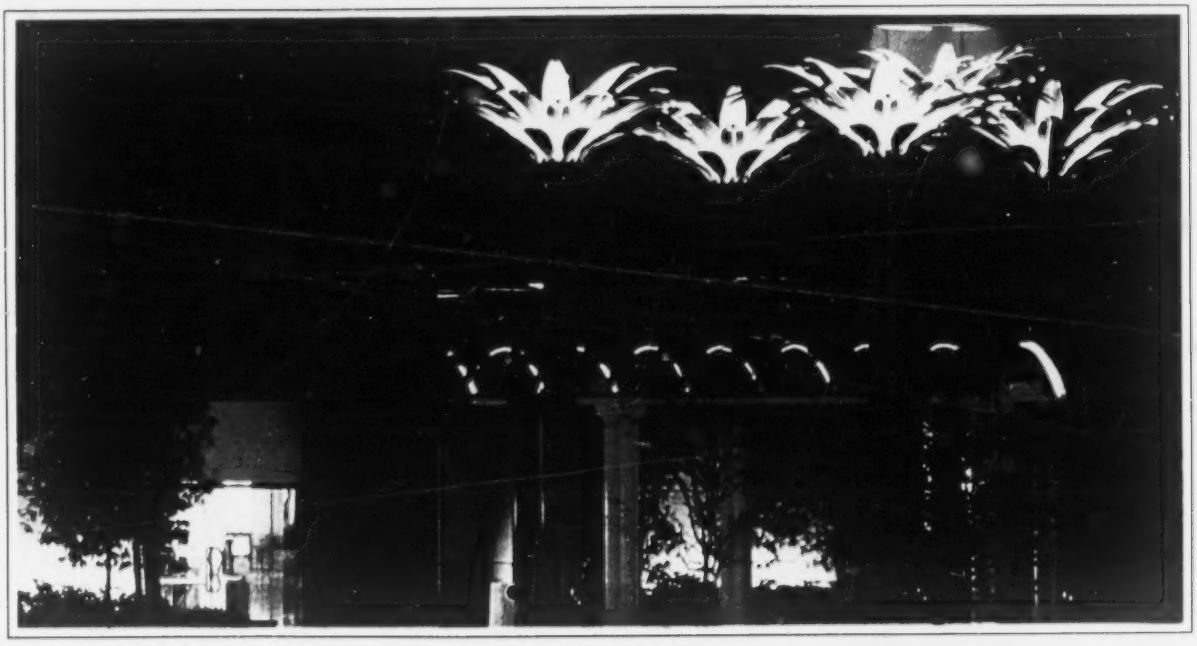
Classic looks define contest winners

NEW STORES OF THE YEAR

.50 A YEAR (USA)

Chain Store Age Executive Vol. 66, No. 2/February 1990

CONTENTS



NEW STORE OF THE YEAR WINNERS

Classic and functional store designs dominated the winners in *Chain Store Age Executive's* eighth annual New Store of the Year design competition. They provide ideal merchandise showcases while delighting customers. 26

SHOPPING CENTER AGE

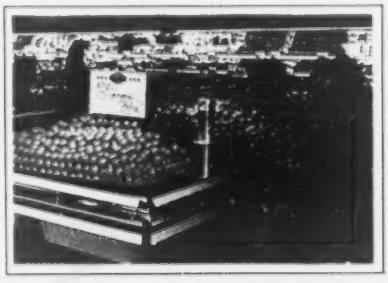
Pockets of development await retailers in Atlanta. 59
Savannah may no longer be a well-kept secret, thanks to the Savannah Mall. 61
Long Island, with its seven regional malls serving 2.9 million residents is, believe it or not, understored. . 62
On the Level 68
Shopping Center Age News . . . 70
Development Activity 72
On Center 77

RETAIL TECHNOLOGY

Oxford Books is on the cutting edge of credit authorization system technology in its three Atlanta stores. . 83
Ames cut labor costs in half with new laser printers for tags and labels. 86
What's in Store 92
Retail Innovation Technology Award (RITA) call for entries. . 95
Technically Speaking 101
On Line 102

DEPARTMENTS

Security: Revco is saving time and money from a new bad check recovery program. 104
Merchandising: Lucky Stores' "small store solution" is showing that it is possible to get a lot better without getting a lot bigger. 108



Credit: An automatic dialing system has enabled Belk Store Services to increase productivity in debt collection. 114
Executive Forum: To grow and prosper, retailers must have the courage to go into new, unfamiliar territory. 118
Retail Watch: Hechinger's Home Quarters Warehouse is a pretty good store, but is it good enough to beat out Home Depot as they both invade the Northeast. 122
Market Watch: Credit card guerilla warfare. 124
Finance: A little homework can help retailers in lease negotiations. 136
December sales by retail chain and class of business. 138

From the Editor's Desk 8
Updates 16
Perspectives 19
New Equipment & Services . . . 129
Advertising Index 140

ATLANTA GROWTH: BEHIND THE 8-BALL

DEVELOPERS SEARCH FOR POCKETS THAT NEED RETAIL PROJECTS

Building retail in Atlanta is a bit like shooting pool—there are only so many pockets for the balls to go into. In some respects, the market is overbuilt. Troubled anchors are abandoning the city. Yet developers are searching for areas that still need building.

"There really hasn't been a lot of new development in the last two or three years," says Daniel M. DuPree, chairman and president of New Market Development, Atlanta. "However, there are pockets where development really is needed."

The firm has completed Kings Market and Gwinnett Marketfair in the city. Kings Market measures 300,000 sq. ft. and is anchored by Big Star, Marshalls, Lionel Playworld and Home Depot. The 188,000-sq.-ft. Gwinnett Marketfair is anchored by Marshalls, T. J. Maxx and an A&P FutureStore.

Plans are under way for another center in the Kings Market area, north of the city on Holcomb Bridge Road at the Georgia 400 Interchange. The unnamed center will total 260,000 sq. ft. and will be comparable to Gwinnett Marketfair, DuPree says.

The "power center" orientation of New Market's projects may be filling one of the few voids left in the market, according to David Birnbrey of the Shopping Center Group, Atlanta. "For a large city, we have an underabundance of power strip centers," Birnbrey says.

Projects on hold: Plans for several malls have been announced, but have been delayed, he adds. Department store industry woes have slowed development of the few remaining possibilities for regional retail south of the city. For now, Atlanta is very much in a consolidation mode, particularly in terms of small store space.

"The city is accustomed to a growth rate of 8%-10%. Now that rate is about 3%-4%," observes Morris Ewing, president of locally-based Ewing Southeast Realty. The vacancy rate for specialty space is running at an "extraordinarily high" 13%, Ewing adds.

Other real estate professionals report that the situation is even worse than that. Some specialty tenants are not paying rent, adding further to developers' woes, says Noah Long, president of the Trion Group, Atlanta. "Real rent rates in Atlanta declined because there was too much product available. We've seen percentage-only rents, 4-6 months free rent," Long says.

"There are only so many beauty shops and dry cleaners that can operate profitably," observes Charles Lotz, president, FMI Retail Group, Atlanta.

The departure of anchors such as Branden's, Lechmere and Zayre, and the slowdown of Kroger's expansion since its LBO, adds further to an already slow growth pattern.

The loss of those anchors, however, may be a blessing in disguise. It frees space for new tenants. Phar-Mor, one of the few new retailers in the market, has taken some of the abandoned shells. So, too, has Marshalls. New build.. .g is hampered, however, because of a tight lending environment and growing difficulties in zoning.

"Zoning is an immense problem. It's getting more difficult to get projects done," observes Larry Kraxberger, president of the Oxford Group, Atlanta.

Despite its slowdown, Atlanta should remain attractive to both retailers and developers.

"Atlanta is unique to the Southeast. It is a strong test market, a very competitive market, and one with extremely sophisticated consumers," he says.

Kraxberger is proceeding with three projects, including a neighborhood/community center, larger regional strip in Lanier, and the Providence Square power center in East Cobb. Anchored by Uptons, Phar-Mor and Home Depot, the 240,000-sq.-ft. Providence Square will open

Traffic counts are up at the 'new' 1.2 million-sq.-ft. Cumberland Mall.

Georgia
Metropolitan Statistical Area

1988 retail sales: $67,222,199,000
1989 population: 6,384,234 (estimated)
1994 population: 6,965,833 (projected)
1989 median household income: $26,471 (estimated)
1994 median household income: $33,407 (projected)
Source: Donnelley Marketing Information Services

Atlanta Metropolitan Statistical Area
1988 retail sales: $33,824,782,000 **1989 population:** 2,767,010 (estimated) **1994 population:** 3,157,809 (projected) **1989 median household income:** $33,392 (estimated) **1994 median household income:** $42,761 (projected) Source: Donnelley Marketing Information Services

Columbus Metropolitan Statistical Area
1988 retail sales: $2,322,352,000 **1989 population:** 247,565 (estimated) **1994 population:** $20,943 (projected) **1989 median household income:** $20,943 (estimated) **1994 median household income:** $25,266 (projected) Source: Donnelley Marketing Information Services

***Marshalls is one** of three anchors at 188,000-sq.-ft. Gwinnett Marketfair.*

in March.

As with other markets, rebuilding existing centers will be a growing concentration. The 1.2 million-sq.-ft. Cumberland Mall recently completed a $4.5 million renovation.

Built in 1973, the Carter & Associates center was in need of updating, says Sara Holmes, the mall's marketing director. The mall's look has been upgraded with marble flooring and brass handrails, among other cosmetic changes. "We've also rebuilt the fountain and added lighting. We didn't have an open center court. Now we do," she says.

New tenants such as Georgio, Units and Crabtree & Evelyn have joined the "new" Cumberland Mall. The renovation, completed in November, has been very successful, Holmes says. "It's too early for sales reports, but we've seen double digit increases in traffic counts."

The recent rebuilding of Columbia, Md.-based Rouse's Underground Atlanta appears a success, too. The downtown complex had a distinct challenge: to change the habits of Atlanta commuters who rush home to the suburbs right after work.

They are being helped by a growing rapid transit system, Lotz says. "It is now much easier to travel to downtown, an area that had been forgotten about. There is much more office space projected for downtown, also." This will result in new opportunities for in-fill projects, particularly for Cobb and Gwinnett counties.

FMI will open New Chastain Corners at Chastain Road and Canton Highway in Cobb County. The 113,000-sq.-ft. center will be anchored by Kroger, debuting in March.

Opening in phases through February is FMI's Towne Center Village at Barrett Parkway, also in Cobb County. The 187,000-sq.-ft. center has a strong home furnishings bent, anchored by Pier 1 and Haverty's Furniture, in addition to Drug Emporium.

Right now, these new centers are the exception, not the rule. Despite a few new opportunities, Long advises against a good deal of specialty space in strips.

"Let's take a little rest and lease up what we've got," Long says. ■

GEORGIA MARKET: MALLS SPRING UP OUTSIDE OF ATLANTA

Developers looking to build a regional mall have to look outside of Atlanta. Johnstown, Pa.-based George Zamias Developers is building two projects in Georgia, but far from its capital.

Opening this September is The Galleria in Warner Robins/Centerville, south of Macon. The 600,000-sq.-ft. center will feature Sears, J. C. Penney, Belk, Pharmor, Brendle's Catalog Store and an unnamed department store.

Zamias also plans to build a 550,000-sq.-ft. Galleria in Columbus, scheduled to open in 1991.

The centers form Zamias' initial entries in Georgia retail, says Samuel Zamias, senior vp-leasing. "We have quite a number of plans for Georgia," he explains.

Savannah is seeing some growth, including a regional mall to open this summer, built by Owensboro, Ky.-based David Hocker & Associates and R. F. Coffin Enterprises, Cleveland.

The new retail is sorely needed, says Larry Kraxberger, president of the Oxford Group, Atlanta. Oxford developed the 270,000-sq.-ft. Savannah Centre, located two miles from Oglethorpe Mall.

SAVANNAH'S SECRET IS OUT

AREA PROVES FERTILE GROUND FOR NEW MALL

It seems as though the magic number for the forthcoming Savannah (Ga.) Mall is $500 million. Its trade area is home to 174 manufacturing companies with a $500 million payroll. An additional $500 million payroll comes from a nearby military installation. And its five million tourists and conventioneers spend still another half-billion dollars yearly.

Yet all that money can be spent in only one regional mall.

"Savannah may have been a well-kept secret," says Gayle Jacobi, director of administration for David Hocker & Associates, Owensboro, Ky. Savannah Mall is a joint venture between Hocker and R. F. Coffin Enterprises, Cleveland.

The 960,000-sq.-ft. mall, located at the intersection of Shawnee Street and Rio Road, near I-95, will open in August. It eventually will be anchored by five department stores, including J. B. White and Belk. They will be joined by 200 specialty shops, a 10-vendor food court and restaurants.

Jacobi cites the city's excellent convention services as one reason for building the center. Another reason is the area's increasing affluence.

"The military base there [Fort Stewart Military Reservation] has a half-billion-dollar payroll, and Savannah has a diverse economy not based on any one element," Jacobi says.

The center's primary market features a 1989 population of 262,900 with a per capita income of $12,291, according to the developer. The area's sales potential comes to $391,635,000. By 1995, the population should grow to 274,600, with an income of $12,602. The sales potential will increase to $425,166,000.

What Savannah's citizens and visitors have lacked is a choice of where to shop, particularly for upscale goods. Hocker estimates that the area is losing $150 million in retail sales, as customers shop in Atlanta, Macon and Augusta.

Stopping that leakage is a main goal of Savannah Mall. Tenants already signed include Abercrombie & Fitch, Brentano's, Claire's, Foot Locker, The Limited and The Gap.

The center should be easy for shop-

Savannah Metropolitan Statistical Area

1988 retail sales: $2,565,383,000
1989 population: 245,811 (estimated)
1994 population: 260,753 (projected)
1989 median household income: $23,826 (estimated)
1994 median household income: $29,549 (projected)
Source: Donnelley Marketing Information Services

FMI RETAIL GROUP, INC.

WE DELIVER

•Well Designed Projects •Strong Locations
•Excellent Management

SPACE NOW AVAILABLE IN ATLANTA

•Mall Corners, Gwinnett •Towne Center Village, Cobb.
•New Chastain Corners, Cobb
•Parkwood Village, Clayton
•Loehmann's Promenade, Cobb.

TO BE BUILT

Vista Plaza, Stuart, FL — Abercorne Village, Savannah, GA

FOR INFORMATION

Charles A. Lotz — Melissa S. Barre
400 Northridge Rd. Suite 900, Atlanta, GA 30350
404-641-1900

For more information circle 28 on reply card

DEVELOPERS

Earn Bonus Discounts

ADVERTISE IN

APRIL, MAY & JUNE

ICSC Convention Issues

Receive 10%-15% Discounts

10% Discount off your earned rate when you advertise in April and May *or* May and June issues

15% Discount off your earned rate when you advertise in April, May & June

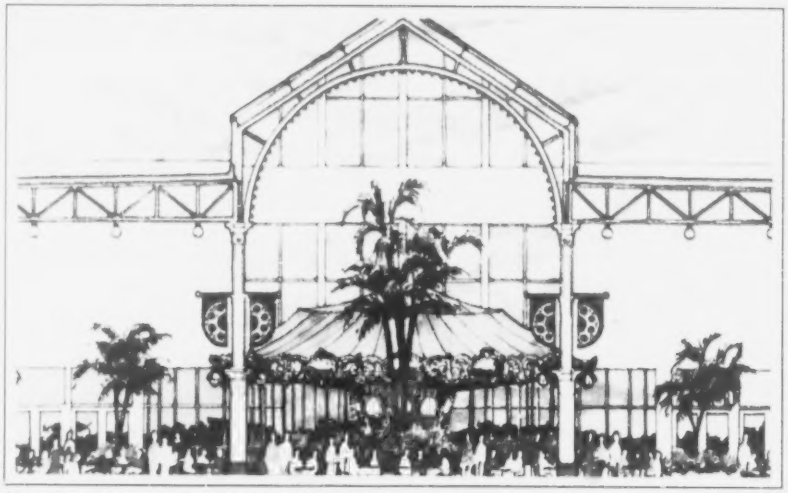
Deadlines:

April: March 6th
May: April 1st
June: May 6th

CALL US TODAY FOR FURTHER INFORMATION

(212) 371-9400

Risa Serin (ext. 242)
or
Roni Iszak (ext. 494)



*The 960,000-sq.-ft. **Savannah Mall** has plans for an August opening.*

pers to reach. The highways around the mall are being improved as part of a multi-year program that began in 1985.

"The highway improvements were already planned, and produce wonderful access to the site. They made the deal," Jacobi says.

Old/new mix: The design, by Birmingham, Ala.-based architects Crawford McWilliams Hatcher, "is a mixture of historic and new Savannah," Jacobi says.

The exterior of two-level mall will be salmon-colored brick and stucco, embellished with wrought iron. The oyster shell and cement sidewalk is reminiscent of Savannah's Old Port district.

The colors inside the mall will echo historic Savannah, utilizing a mossy green and salmon, with iron railings. Center court will feature a clock tower. The second level will feature a carousel, as well as the food court. Ice cream and cookie vendors will be found on the lower level. Parking, on one level outdoors, will accommodate 4,000 cars.

Construction began in March 1989, and could well have been delayed by Hurricane Hugo. The area also experienced heavy rains. Luckily, Jacobi says, the bad weather had no lasting effect on the building.

"We were a little concerned at one point, but construction is on schedule for our August opening," she notes.

That's not the end of the development. Eventually, Hocker will build Savannah Place, a 190,000-sq.-ft. strip center adjacent to the mall. No construction timetable has been set. ■

SITE-SEEING ON LONG ISLAND

OPPORTUNITIES STILL EXIST IN NEW YORK MARKET

America is over-stored and over-malled, right? Maybe not. Contrary to popular belief, there are still markets that need new malls. Some of the remaining opportunities look surprisingly lucrative. Perhaps the biggest is Long Island, N.Y.

"There are 2.9 million people on Long Island, yet there are only seven regional malls," says Wilbur F. Breslin, president of Breslin Realty Development, Garden City, N.Y. "So if you come across a site of any size, it's conducive to building."

Breslin plans two centers on Long Island. The 1.6-million-sq.-ft. Brookhaven Town Center in Yaphank, N.Y., will have six department stores. The center, to be located at the intersection of the Long Island Expressway and the William Floyd Parkway, is scheduled for a 1992 debut.

Opening in 1993 is Breslin's Fairchild Plaza, with 1.2 million sq. ft., including five department stores. The center will be located on the Nassau/Suffolk county border.

"Development potential for the 1990s is not as limited as some projec-

TRENCH WARFARE IN THE CREDIT DEPARTMENT

CARD SHARING CAN LEAD TO GUERILLA MARKETING

Pre-emptive strikes have long been a part of the retail war scene. K mart's rapid expansion in the '60s and '70s came under the banner of taking the high ground before its competitors even knew a revolution in retailing was occurring.

And countless millions of dollars have been spent to refurbish tired-looking stores and customer service programs in anticipation of an invasion by a high-flying market newcomer. Witness the flurry of activity in markets targeted by Nordstrom.

Today's trench warfare is not confined to the bricks and mortar of stores. Guerilla raids can be plotted in the confines of a retailer's credit department. Consider these points compiled by Impact Resources of Columbus, Ohio, a market research firm:

- Consumers who use bank cards or retailer-issued credit cards typically have a number of different cards of all types.
- When compared to the average consumer, users of private label cards typically are more loyal to these retailers and often name those merchants as their first choice department stores.

> Users of private label cards are more loyal to these retailers

For example, 34% of New York customers who use a Bloomingdale's card named Bloomie's as their first-choice department store, compared to 3.9% of all consumers in the New York area.

Because consumers often carry plastic from more than one retailer, card-issuing merchants have the ability to snare shoppers from their competitors' customer bases. But the ability is not comparable for all parties.

A look at New York retailers illustrates the point. Seventy percent of New York consumers who say they use a Bloomingdale's card also use a Macy's card. However, only 12.5% who use a Macy's card also use a Bloomie's charge.

Thus, Bloomingdale's can more easily recruit crossover customers than Macy's can by exploiting its credit card file through special mailings and bill-stuffer promotions. In four markets—New York, Boston, Dallas and West Palm Beach—Impact Resources found that the Sears charge card generally has higher penetration than the J. C. Penney card.

*Impact Resources of Columbus, Ohio, is a consumer information company that provides media and retail businesses in-depth local consumer information. The basis of the company's product is a research methodology called MA*RT, an acronym for Market Audience-Readership Traffic.*

New York

Retail card used	Other retail cards consumers use				
	Macy's	Bloomingdale's	Lord & Taylor	Sears	Penney
Macy's	—	12.5%	9.9%	33.3%	22.2%
Bloomingdales	69.9*	—	26.8	15.0	6.9
Lord & Taylor	68.1	23.1	—	24.1	11.8

* Read as: 69.9% of New York area consumers age 14+ who said they use a Bloomingdale's charge card also use a credit card issued by Macy's.

Source: Impact Resources

Boston

Retail card used	Other retail cards consumers use				
	Macy's	Bloomingdale's	Lord & Taylor	Sears	Penney
Macy's	—	19.6%	17.0%	34.5%	30.1%
Bloomingdale's	7.9*	—	31.5	31.5	3.7
Lord & Taylor	2.6	11.8	—	36.0	4.5

*Read as: 7.9% of Boston consumers age 14+ who said they use a Bloomingdale's card also use a credit card issued by Macy's.

Source: Impact Resources

Dallas

Retail card used	Other retail cards consumers use				
	Macy's	Bloomingdale's	Lord & Taylor	Sears	Penney
Macy's	—	11.9%	20.2%	30.4%	28.1%
Bloomingdale's	38.2*	—	22.3	36.8	23.4
Lord & Taylor	33.3	11.4	—	27.8	32.1

*Read as: 38.2% of Dallas consumers age 14+ who said they use a Bloomingdale's charge card also use a credit card issued by Macy's.

Source: Impact Resources

West Palm Beach

Retail card used	Other retail cards consumers use				
	Macy's	Bloomingdale's	Lord & Taylor	Sears	Penney
Macy's	—	14.4%	24.0%	38.9%	27.6%
Bloomingdale's	33.1*	—	47.3	28.8	28.7
Lord & Taylor	23.6	20.4	—	38.1	31.7

*Read as: 33.1% of West Palm Beach consumers age 14+ who said they use a Bloomingdale's charge card also use a credit card issued by Macy's.

Source: Impact Resources

RETAILERS POST RESPECTABLE DECEMBER SALES

TARGET, MERVYN'S BUOY DAYTON HUDSON; SEARS STILL SLUGGISH

The nation's top retailers had a moderately merry Christmas this December, which is by far the busiest month of the year. Most of them posted sales gains that were, at the minimum, respectable.

Dayton Hudson, buoyed by results at its Target and Mervyn's divisions, showed one of the best performances with a 14.8% total sales gain and a 7.3% same-store increase.

J. C. Penney, May Department Stores and The Gap were among other chains turning in solid performances.

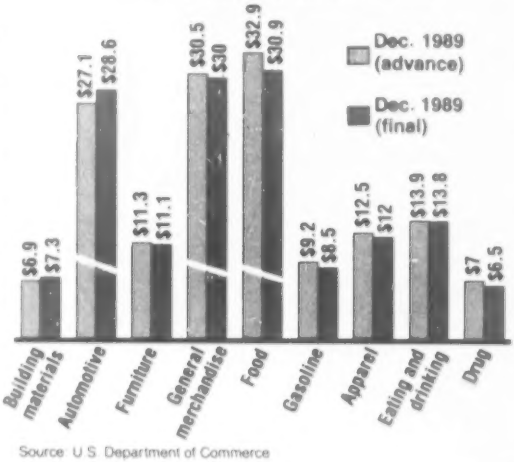
The nation's largest retailer, Sears, continued to post disappointing results, with a 1.6% same-store gain.

A notable Christmas barometer, Toys "R" Us (not listed below) posted a 22.7% increase for the eight-week Christmas season, to $2.02 billion, with a same-store gain of 10%. The chain says sales were led by Nintendo video game software, Batman items and the ever-popular Barbie doll.

Widespread discounting—which makes the profit picture uncertain—caused this Christmas to be even more promotional than last Christmas, when markdowns were also pervasive, analysts say.

DECEMBER SALES

(Seasonally adjusted, figures in billions)



Source: U.S. Department of Commerce

CHAIN PERFORMANCE

Company	December '89 sales (000)	% change	% change comp. stores	YTD sales (000)	% change YTD	% change YTD comp. stores
Sears	$4,695,619	+3.6	+1.6	$31,407,752	+4.0	+2.5
K mart	5,118,133	+11.8	+3.1	27,319,904	+6.2	+1.8
Wal-Mart	3,633,000	+22.0	+8.0	23,974,000	+25.0	+11.0
Penney	2,722,000	+9.7	+8.6	15,246,000	+8.6	+7.2
Dayton Hudson	2,410,000	+15.1	+7.3	12,070,000	+14.1	+6.5
May	1,796,700	+8.7	+5.9	8,952,100	+12.5	+5.8
Woolworth	879,000	+11.2	+7.6	4,843,000	+9.6	+5.3
Melville	1,274,434	+7.8	+2.3	7,547,801	+1.3	+3.7
Walgreen	685,424	+9.1	+5.5	5,612,792	+11.5	+8.9
Ward	855,124	+3.3	N/R	4,723,334	+3.2	N/R
The Limited	815,900	+11.0	+5.0	4,291,000	+13.0	+9.0
Ames	829,000	−2.9	−13.0	4,834,000	+55.4	+4.1
Carter Hawley Hale	531,400	+3.5	+3.0	2,671,300	+5.3	+4.7
Mercantile	430,519	+1.0	+0.5	2,191,521	+2.2	+1.5
Circuit City	380,400	+22.0	+2.0	N/R	N/R	N/R
Hills	387,149	+24.9	+2.8	1,970,945	+22.9	+1.4
Rose's	219,664	+6.2	+1.3	1,429,871	+4.3	+1.0
The Gap	286,000	+22.0	+14.0	1,470,000	+24.0	+15.0
Neiman-Marcus Group	263,200	+13.2	+10.2	N/R	N/R	N/R
Jamesway	154,527	+8.0	+2.0	809,042	+8.0	+2.0
Ross	122,000	+10.9	+2.0	N/R	N/R	N/R
Dollar General	77,800	−3.4	−7.0	566,000	N/C	−1.1
Best Buy	104,000	+21.0	+5.0	424,000	+5.0	N/R
Gottschalks	54,065	+24.9	+13.7	221,686	+19.2	+8.2
Claire's	45,390	+46.0	+14.0	174,220	+46.0	+23.0

N/R = not reported N/C = no change Source: Company reports

Chain Store Age Executive (USPS 054-410; ISSN 0193-1199), is published monthly by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022, on a controlled basis to qualified retailers, real estate and shopping center developers and operators, architects and design firms, and at $49.50 a year; outside U.S.A.: Canada $59.50 (U.S. $) a year; elsewhere $85 a year, air-mail only. Single copy price: $5. Second class postage paid at New York, NY, and additional mailing offices. Vol. 66, No. 2 Copyright © 1990 by Lebhar-Friedman Inc. All rights reserved.
POSTMASTER: Please send address changes to Chain Store Age Executive, Subscription Department, 305 Madison Ave., Suite 535, New York, NY 10165-0079.